**HIGHLIGHTS**

- According to NCAER study, the rabi crops production of food grains will fall short of targets.
- In March 2016, WPI based general inflation and food inflation are ten percent and thirty five percent higher respectively above January, 2012.
- After progressively lower monsoon rainfall levels for two consecutive years 2014 and 2015, the 2016 monsoon rainfall is likely to be normal, according to Indian Meteorological Department.
- Drought has been declared in 251 districts across ten states during 2015-16 affecting 330 million people.
- The Government of India has approved a drought relief package of Rs. 12,773 crore (1.9 Billion USD) from the National Disaster Response Fund (NDRF).
- NITI Aayog to coordinate the overall activities of ‘Transforming our World: the 2030 Agenda for Sustainable Development’
- Budget outlay for nutrition-specific and nutrition sensitive schemes together continue be around 1.6% of the GDP in 2016-17
- ADHAAR bill has been passed in the Parliament
- Nutrition and distribution of supplementary nutrition to be monitored on real time basis at the Anganwadi Centres
- 10,000 mt of pulses to be released to market from the GoI buffer stock
- Thirty FCI depots started network based online operations: All 554 depots to go online by July 2016

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1. PRODUCTION AND PRICES OF FOOD

1.1 PRODUCTION OF FOOD GRAINS AND FOOD INFLATION

According to the second advanced estimates of food grains production released on 15th February, 2016 by the Ministry of Agriculture, Cooperation and Farmer Welfare (MoACFW) of the Government of India (GoI), the food grains production during 2015-16 crop calendar is estimated to be 253 million mt which is 4.1% less than the target of 264.1 million. This estimate is 2.5% lower than the triennium average production of 260 million mt during 2012-15 and it is a fall of 4.5% from the production of 265 million mt during 2013-14. According to the news reports and the GoI’s Press Information Bureau releases, the decline is mostly due to lower production of rice and pulses, which in turn is attributed to deficient monsoon rainfall during last two years, i.e. 2014 and 2015, untimely rains and hailstorms, during winter season of 2015. Based on field assessments, ten state governments have announced droughts in their states during 2015-16. This is likely to have a further impact on the production of food grains.

A study by the National Council of Applied Economic Research (NCAER), supported by the National Food Security Mission of the Ministry of Agriculture and Farmers Welfare and FAO, states, “Battling extremes of drought and, unseasonal rains, complicated by warm winter, the Indian farmer had a difficult year in 2015 and his prospects are unlikely to improve in 2016. This has resulted in farmer distress and may lead to a decline in food-grain output in 2016 for the second straight year”. The report also says that wheat production in 2016-17 is expected to be lower at 85 million tons as compared to the already poor 2015 production of 88.9 million tons due to poor weather. The report also says that 2015-16 Rabi rice production is expected to be lower than 2014-15 production due to poor post-monsoon rains and lower water levels in reservoirs.

The year-on-year inflation trend comparison for commodities from January 2016 has consistently shown a negative trend since November 2015. The same applies to food inflation, (currently at 3.5%), which has so far remained above the rate of general inflation. The gap between both has a seasonal variation and is trending towards a wider margin during February-March 2016. In comparison to January 2012, the WPI based general inflation and food inflation are significantly higher by 10% and 35% respectively.

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1. During 2014, monsoon rainfall was 12% less than the normal rainfall.
2. In 2015-17 sub-divisions out of 36 have received deficient/scanty rainfall for the South-west monsoon (or Monsoon) season which was next only to the drought year of 2009.
The year-on-year inflation on pulses in March 2016 (over March 2015) is 34%. However, compared to January 2012, the prices of pulses are 64% higher in March 2016. Except for pulses, the year-on-year prices of all other food commodities such as cereals, potatoes, egg, meat and fish are around 3-4%. Fruits and vegetables have become cheaper by 2% compared to March 2015. Onion prices have come down by 18% in March 2016 compared to same month last year. However, it should be noted that the prices of fruits and vegetables had already increased significantly over the last three years and therefore, despite this deflation, the prices are still 30-40% higher compared to January 2012. Onions have registered the highest rate of inflation during last year, which as of March 2016 sold 81% higher compared to January 2012. In a similar trend, potatoes prices are also higher by 58% compared to January 2012.

THEMATIC SECTION: (I) MONSOON FAILURE AND DROUGHTS, (II) THE SUSTAINABLE DEVELOPMENT GOAL AND (III) SOCIAL SECTOR IN GOI BUDGET 2015-16 AND 2016-17

2.1 TEN STATES HIT BY DROUGHTS IN 2015-16

According to the Indian Meteorological Department’s (IMD), the monsoon season in 2015 (1-June to 30-Sep, 2015) recorded a 14% lower than the average rainfall, the post monsoon (1-Oct to 31-Dec, 2015) by 23% and the winter rainfall (1-Jan to 29-Feb, 2016) by 60% less than the long term India average (LTA). The pre-monsoon (1-Mar to 20-Apr, 2016) rainfall is also 3% less than the LTA. The monsoon rainfall in 2015, which is critical for the kharif crops, was insufficient in 17 sub-divisions out of a total of 36 meteorological sub-divisions in the country. Except for west Rajasthan (constituting 6% of total area), all other sub-divisions are either normal or much lower than average with eastern Uttar Pradesh (UP) having a figure of 47% below normal rainfall and western UP with 43%. Marathwada (in Maharashtra) by 40% below normal and neighbouring sub-divisions in central.

3. Indian meteorological department distributes India into 36 subdivisions. Since 2004 area weighted method of district is being used to estimate sub-divisional rainfall. Earlier arithmetic mean of district rainfall was in use. List of Met Subdivisions: [http://www.imd.gov.in/section/nhac/dynamic/NPIVEDAY.pdf](http://www.imd.gov.in/section/nhac/dynamic/NPIVEDAY.pdf)

4. Kharif crops, also known as “monsoon crops” are grown during the monsoon season. Seeds are sown at the beginning of the monsoon season and are harvested around October-November. Rabi Crops are known as “winter crops” which are grown during October-March and are harvested at the end of winter season, i.e. April-May.
Maharashtra with 33% below normal. Top four deficient sub-divisions belong to Uttar Pradesh and Maharashtra respectively, which cover almost one-fourth of India’s total area. As a result, the water storage levels are below normal in every state other than West Bengal, Tripura and Madhya Pradesh. The storage level in 27 water reservoirs of western region, which includes Maharashtra and Gujarat is only 18% compared to 36% last year. In Marathwada region of Maharashtra, the situation is severe with only 3% water left in reservoirs in the dams in this severely drought hit region. Currently, 251 districts across ten states (out of a total of 675 districts in India and 316 districts in the ten affected states) have been announced as affected by drought during 2015-16. According to newspaper reports, this translates into almost 330 million people bearing the brunt of droughts and reeling from severe water shortage.

The consecutive droughts have serious consequences for the agrarian economy as well as for rural demand for goods and services, which has a profound implications on economic growth. According to the National Crime Record Bureau (NCRB), as many as 5,650 farmers committed suicide in India last year. This works out to one farmer suicide in every 100 villages or one farmer suicide in every block in the country. State-wise, Maharashtra accounted for the highest number of farmer suicides (2568) distantly followed by Telangana (898), Madhya Pradesh (825), Chhattisgarh (443) and Karnataka (321). These five states, which accounted for 90 per cent of total farmer suicides also happen to be the hardest hit states by droughts.

In a review meeting on 11th April, 2016, chaired by the Cabinet Secretary to the GoI, some of the immediate measures that have been decided for action by various departments of the Central Government include: (i) relaxation in norms under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to provide additional employment of 50 days over and above the 100 days per household in areas affected by natural calamities, including droughts, (ii) release funds for rural drinking water supply by Ministry of Drinking Water and Sanitation, (iii) Provision of water

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5. Source: Central Water Commission
6. This is as per information furnished to the Lok Sabha by the Drought Management Division, Ministry of Agriculture & Farmers Welfare, GoI on 10th March 2016. Names of the states are: Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana and Uttar Pradesh. As per media report, subsequently 256 villages in Gujarat have also been declared as drought affected.
7. According to the Government of India, areas receiving 26-50% less than LTA qualify to be declared as “moderate drought” and those receiving <50% can be declared as “severe drought”.
supply through rail and water tankers, and (iv) Immediate allocation of funds to the State Governments under the Rashtriya Krishi Vikas Yojana for procurement of fodder.

The GoI has announced a high level committee (HLC) chaired by Ministry of Home Affairs. After detailed assessments of the situation and based on the recommendation of the HLC, the GoI has approved a package of Rs.12,773 crore (1.9 Billion USD) from the National Disaster Response Fund (NDRF) for drought relief against the central aid of Rs.41,722 crore (6.2 Billion USD) sought by the ten affected states. Furthermore, till 22 April, 2016, the railways have delivered 12 million litres of water to Latur a district in Maharashtra. Anticipating a huge demand for work due to severe drought conditions in most parts of the country, the Ministry of Rural Development (MoRD) has decided to release 55 per cent of its annual MGNREGA budgetary allocation of Rs.38,500 crore (5.7 billion USD) by June this financial year.

According to the GoI, there is enough stock of food grains from the strategic reserves to meet the requirement for this year despite drought situation in some states. Nearly 60 million mt of food grains are available against the requirement of 54.9 million mt in the country. The Minister of Consumer Affairs, Food and Public Distribution has stated that the National Food Security Act will be implemented throughout the country within three months. The Civil Society and Right to Food activists are lobbying for ensuring that the benefits are delivered through National Food Security Act and if the need be, the NFSA should be extended to non-entitled beneficiaries in the drought affected areas. Due to heat waves, the Government of Odisha has announced to close the schools in advance of the scheduled summer vacation (May-June) and has announced to continue with the mid-day meals in schools during the vacation in 27 drought affected districts.

However, amidst droughts and scarcity of water everywhere, the good news for the country is that the India Meteorological Department (IMD) has predicted an above average monsoon season in 2016. As per the latest long term forecast for the 2016 southwest monsoon during June to September, issued by the IMD on 12th April, 2016, the monsoon seasonal rainfall is likely to be higher at 106% of the LTA with a margin of 5% plus/minus. The IMD will issue the update on the forecast in June, 2016.

**2.2 TRANSFORMING OUR WORLD: THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT**

Based on UN 2003 Millennium Development Goals (MDGs) framework, India has adopted eight goals with 35 indicators to be achieved by 2015. Looking at the results at the end of 2015, India’s achievement on the MDGs has been mixed. Whereas, the targets set for poverty, inequality in primary and secondary education, HIV/AIDS, access to drinking water facilities, telephones and internet penetration have been achieved on time, on hunger and malnutrition, the nation has not been able to achieve its targets. A sharp decline in the Infant Mortality and Child Mortality rates in recent years is seen. Therefore, it can be said that on child mortality India is moderately on track. On hunger and malnutrition, India lags far behind the set target.

As a way forward, the global community has moved on to take up its next set of challenges in the form of Sustainable Development Goals (called as SDGs). The SDGs promise to address sustainable human development need for all and plans to stimulate, align and accomplish action over the 15-year period through its 17 goals and 169 related targets.
In India, NITI Aayog has been entrusted with the work to coordinate the overall activities of ‘Transforming our World: the 2030 Agenda for Sustainable Development’. Ministry of Statistics and Programme Implementation (MoSPI) has consulted various ministries to map various goals and targets to the existing central sector/centrally sponsored schemes and priorities. The Development Monitoring and Evaluation Office (DMEO), an attached office under NITI Aayog has been nominated as the nodal organization for the implementation of the SDGs.

NITI Aayog, in collaboration with the Research Information System for Developing Countries (RIS) held a Consultation on SDGs 3 & 4 during February 9-10, 2016 with stakeholders that included States, Ministries, academia, International organisations, NGOs etc. at New Delhi. MoSPI also represented India in the 47th Session of the United Nations Statistical Commission during March 8-11, 2016 at New York to develop indicators for monitoring of SDGs.

2.3 NUTRITION REMAINS NEGLECTED IN GOI BUDGET 2016-17

The annual budget outlay of the GoI has increased from about INR 16.8 trillion in 2014-15 to INR 17.8 trillion in 2015-16 and further to INR 19.8 trillion in 2016-17. However, as a percent of GDP, it has remained around 13.1% in all the three years. In 2015-16, it was a minor increase to 13.2%. This implies that the overall spending of the Government has by and large remained the same between last year and this year, after accounting for inflation.

In February, 2015, the GoI had accepted the recommendations of the 14th Finance Commission to increase the transfer of resources routed through the Finance Commission as part of the tax devolution to states from 32% as states’ share to 42%. It was argued that while the increased tax devolution would compensate the reduction in the transfers through the central schemes, this would also enable state governments to customize the schemes to the state specific requirements and autonomy in their allocation and spending plans. On account of this policy, the social sector expenditure was cut down significantly. Ministry of Women and Child Development had almost 50% cut in the outlay, followed by Ministry of Health, Ministry of Food Processing, School and Mass Education, Environment, Forest and Climate Change, etc. Nonetheless, later in 2015-16, the revised budgets had increased the outlays of some of the key partner ministries of WFP such as MWCD by about INR 70 billion, Ministry of Food by about INR 154 billion, and Ministry of Health by INR 17.6 billion. However, according to the Revised Estimates, the budget of MoHRD and Ministry of Agriculture were rather marginally reduced by INR 14.3 billion and INR 19.5 billion respectively.

In 2016-17, among the key partner ministries of WFP, the budget has increased for all these ministries marginally in nominal terms compared to 2015-16 (Revised Estimates). Only Ministry of Agriculture, Cooperation and Farmer Welfare (MoA) received a significant additional allocation with the MoA budget being doubled from INR 229.5 billion in 2015-16 to INR 444.7 billion in 2016-17. The increase is on account of introduction of farmers’ welfare measures such as Pradhan Mantri Fasal Bima Yojana for crop insurance, creation of a “Long-term Irrigation Fund” under National Bank for Agricultural and Rural Developments (NABARD), incentives for pulses production, etc. However, the commitment on nutritional issues is yet to reflect in the budgets of last three years of the NDA Government. The Union Finance Minister in his maiden speech on eve of 2014-15 budget session mentioned about establishing a national programme on mission mode to address the issues of malnutrition in India. Unfortunately there has been hardly any increase in the budget for ICDS in the first three years. The Union Government Expenditure/Outlays for the nutrition-specific schemes such as ICDS, MDM, SABLA, etc. and nutrition-sensitive schemes such as National Health Mission, National Rural Drinking Water Programme, National Food Security Mission, Food Subsidy, MGNREGA, etc. together were 1.8% of the GDP in 2012-13, which came down to 1.7% during 2013-14, 2014-15 and 2015-16 and further to 1.6% in 2016-17.
**3.1 Aadhaar Bill Passed by the Parliament**

The Aadhaar Bill (Target Delivery of Financial and other Subsidies, Benefits and Services), was passed in the Parliament in the form of a “Money Bill” on 16th March, 2016. The bill is expected to strengthen the GoI’s financial inclusion push, especially the Jan Dhan project which proposes to link bank accounts with Aadhaar for availing subsidies. In other words, this legislative act makes mandatory for citizens of India to have Aadhaar (UID card) to avail financial benefits, subsidies, etc. under the Direct Benefit Transfer (DBT). This will ensure that benefits including food related schemes like PDS are reaching to the correct beneficiaries, thereby reducing the leakages and the subsidy burden of the government thereof.

**3.2 Buffer Stocking of Pulses by GoI; 10,000 MT to be Released to Ease Pulses Prices**

In December, 2015, the GoI announced creation of buffer stock of pulses. With assistance from Price Stabilization Fund (PSF), the National Agriculture Cooperative Marketing Federation of India (NAFED), Small Farmers Agri-Business Consortium (SFAC) and Food Corporation of India (FCI) were asked to procure pulses such as Tur and Urad for the buffer stock at prevailing market prices. A total buffer stock of 50,000 mt of pulses are available with the Government from the Kharif marketing season, i.e. December 2015 till February 2016 and agencies have been contracted for import of another 25,000 mt. The GoI is also initiating procurement of another 100,000 mt pulses from the Rabi harvest during April-May, 2016. The procured stocks will first be allocated to States based on their demand. If States do not lift either full or a part of the procured pulses, the stock will be offered by Department of Consumer Affairs (DoCA) to agencies like Kendriya Bhandar and Mother Dairy for sale through their outlets. Alternatively, these pulses may be sold in open market on National Commodity and Derivatives Exchange (NCDEX) or any other electronic platform in a transparent manner. The procured pulses will be disposed to consumers within one year of the end of the procurement period.

In April, 2016, the GoI has decided to release 10,000 mt pulses mainly Tur and Urad from the current buffer stock to ensure their availability at reasonable prices. The GoI has requested State governments to avail this benefit and utilize the available stocks for managing the prices of pulses in their respective States. In this context, States have also been requested to project their demands of pulses immediately to ensure timely allocation from the buffer stock. They have also been asked to keep a close watch on the prices and to take stringent action against hoarding of the commodity. The Centre has already empowered the States to impose stock limits on the pulses to ensure easy availability.

**3.3 Real Time Monitoring of Nutrition and Distribution of Supplementary Nutrition**

The “National Nutrition Mission” aims at monitoring nutrition levels and food distribution through Anganwadi Centres (AWCs) on a real time basis. Every Anganwadi Worker (AWW) will be provided with a GPS-enabled tablet on which all the children coming to AWCs will be registered with their photographs. The Aadhaar card details of the parents will also be included. A GPS-enabled weighing machine will be used to check the weight of every child at least once a fortnight. The Bill and Melinda Gates foundation has developed the software for the tablet and training modules for the AWWs. The collected data will be uplinked onto a centralised server. The GPS component is expected to ensure that the AWW actually visits the centre and weighs the children. The basic idea is to prevent pilferage of the nutritious food and reduce over-reporting of number of children coming to the AWCs.

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15. Chana and Masur dal
3.4 FCI DEPOT OPERATIONS GO ONLINE

In March, 2016, online operations were launched in 30 depots of the Food Corporation of India (FCI) making data on movement of grains available through a network. The key objective of the technological reform is to check pilferage of grains stored in FCI godowns. The GoI aims to complete the online networking of all the 554 FCI godowns by end of July, 2016 and the rest of the 1,288 godowns hired by FCI from Central Warehousing Corporation, State Warehousing Corporations, etc. in the next fiscal year. FCI procures about 60 million mt of wheat and rice annually and oversees movement of about 46 million mt of grains across India. The automation of the entire process from entry to exit of grains at the depots is expected to bring total transparency in the working of FCI.

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